AlmaTourism

Journal of Tourism, Culture and Territorial Development

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Strategic Choice and Relational Dynamic Capabilities in a Brazilian Hotel Chain

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ABSTRACT

The aim of this paper was to propose integration between two concepts: strategic choice and relational dynamic capability. For this purpose, the context of hotel business sector was chosen, due to its intensity and a need for formal and informal relationships. The research was divided in two stages: a survey, with a sample of 117 hotels in the State of Paraná and a case study. According to the findings, strategic typology determines a set of choices and behaviors resulting in different relationships.

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Keywords: Dynamic Relational Capability, Strategic Choice, Brazilian Hotel Industry.

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Introduction

The current competitive organizational context is marked by fast and deep changes. These changes eventually force the organizations to adopt flexible and nimble strategic postures (Hung et al., 2007).

Usually, a central concern of the strategy is to keep the dynamic adjustment between what one company has to offer and what the environment wants (Miles and Snow, 1978; Learned et. al., 1965). Thus, a company seeks to possess and develop dynamic capabilities to constantly reconfigure, renew and reuse its resources in order to better explore and use the opportunities of the environment (Teece et al., 1997).

Broadly, the studies in strategy may be divided into two categories: one that prioritizes the analysis of the external environment (as in Porter's model) and another that takes into account the internal environment, referred to by the resource-based view (RBV) authors.

The cycle of adaptive process by Miles and Snow (1978) presents itself as a compromise relative to these questions. Based on the premise that companies continuously need to adjust their strategies to the environment's conditions and align its own structures to already established ones, its model of strategic adjustment is considered dynamic.

Therefore, to the authors in question, strategic alignment is not a one-off event, but a continuous process of adaptation and change. Relying on this concept, this paper aims to discuss the relational dynamic capabilities, starting from the strategic choices of a Hotel Chain.

The relational dynamic capabilities, that is, a relationship as a source of resources, appear as a possibility for companies to quickly incorporate competitive abilities (Means and Schneider, 2001).

Not long ago, the competition was almost inexistent in many countries and sectors. It is no different in the hotel business sector. After 'discovering' Brazil's tourism potential, many foreign companies have become interested in investing in this area.

Today's hotel business is meeting the demand of new market segments, which, at the same time, enables new forms of tourism. The evolution of hotel business in the last decade and its wide growth perspective follow the same trend seen in all business areas and sectors: qualification and specialization in the services provided (Andrade et al., 2010).

Thus, the aim of this paper is to verify how strategic choice, based on Miles and Snow's typology (1978), influences the relational dynamic capability of hotels within the same hotel chain in the city of Curitiba/PR.

1. Literature review

The article's theoretical argument is based on two concepts exposed in this review: Miles and Snow's typology and relational dynamic capabilities.

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1.1 Some descriptive evidence

According to Miles and Snow (1994), an organization's success depends on an external (with the environment) and internal (strategy, structure, procedures and ideology) adaptation process. This process starts with its alignment with the market, in an attempt to respond or help shaping present and future customer needs. This alignment process defines the company's strategy. In other words, this model of analysis seeks to evaluate the organizational adaptation to the changes in the environment by means of a study of the relation between strategy, structure and processes (MILES e SNOW, 1978).

This accommodation came to be called adaptive cycle by these authors, and its stages consist in solutions given to these problems: business issues (entrepreneurial problem); technological or production problems (engineering problem); and structural or managerial problems (administrative problem).

Based on the responses to those problems, Miles and Snow classified companies in four distinct adaptive strategic categories as follows: prospectors; defenders; analyzers and reactors.

Thus, Prospectors (prospective strategy) are organizations holding an aggressive competitive position, continuously searching for new market opportunities and expanding their array of products and services. They tend to be the pioneers; thereby, their focus is innovation rather than efficiency.

Defenders (defensive strategy) are the companies that try to position and maintain their line of products or services with a very narrow focus, protecting their domain with competitive prices or service/product quality. Generally, they operate in stable industries, do not envisage seeking new opportunities in the environment, but having efficiency and technology directed to their narrow niche. They usually adopt a limited product line, segmented and more profitable, and find the solution for an engineering problem using one main technology, resulting in low production costs. In order to achieve this, sizeable investments in Research and Development are fundamental (ZAHRA; PEARCE II, 1990).

Analyzer (analytical strategy) is an intermediate position between defensive and prospective strategies. Companies making use of this strategy operate based on already established services/products, trying to aggregate new ones, which were a success in other companies. These organizations are also called creative imitators (SLATER; NARVER, 1995), since they absorb and improve the competitor's innovations.

Reactor (reactive strategy) is a type of non-strategy, typical of companies which do not have a coherent plan to compete in the environment, or have no processes and mechanisms to adapt to the market. A typical approach of this group is waiting to respond only when forced by competitive pressures to avoid losing important costumers and/or maintain profitability.

1.2 Dynamic Capabilities

The discussion on dynamic capabilities has its origins in the resource-based view (RBV). According to the RBV, the source of competitive advantage primarily lies in the set of enterprise's specific resources and competences (PENROSE, 1959; TEECE, 1984; WERNERFELT, 1984), which opposes the positioning theories, whose approach suggests that the structure of an industry strongly influences the competitive rules and, consequently, the strategies potentially available to a company (PORTER, 1980).

Teece, Pisano and Shuen (1997) tried to identify the dimensions of the firm's specific capabilities that could be a source of their competitive advantage, and to explain how combinations of resources and competencies can be developed, disposed and protected. For these authors, dynamic refers to a capability of renewing competencies, aiming to adapt them to an ever changing environment; certain innovative responses are required when the promptness to meet the market demand is critical, the pace of technological changes is fast and/or the nature of the competition and markets in the future is hard to predict. The term capabilities emphasizes the key role of strategic management in order to adapt, integrate and reorganize abilities, resources and functional competences, both internal and external, to meet the demands of an external environment, which is subject to fast changes.

Teece, Pisano and Shuen (1997) argue that a competitive advantage of a determined company primarily depends on its managerial and organizational processes, in other contexts defined as routines or patterns of current practice and learning. These must be formatted by the company's assets and by the existing trajectory.

Einsenhardt and Martin (2000) agree with Teece, Pisano and Shuen's evolutionary idea (1997) and suggest that the dynamic capability concept is linked with the organization's evolution. For these authors, the trajectory of an organization is unique and shaped by mechanisms such as the practice of codification and errors. Dynamic capabilities are organizational and strategic routines through which senior managers alter the base of resources – acquisition and sales, integration and recombination – to create valuable strategies.

Helfat and Peteraf (2009) argue that dynamic capacity is the one that an organization has to deliberately create, extend and modify its base of resources. Following the same line of reasoning, Pisano (1994) sees dynamic capabilities as organizational and background management routines, through which the managers modify their resource base – acquire, select, integrate and recombine resources to generate new value creating strategies.

2.2.2   Relational dynamic capability

A very important element about dynamic capabilities is "how" companies build or acquire the new ones. This "how" extends beyond the limits of an organization and its senior management. In the last years, as companies deal with environmental hostility, globalization, institutional and technological changes, there are a growing number of

partnerships between firms seeking complementary capabilities in new partners (HELFAT et al., 2007).

According to Singh (2003), an alliance is a cooperated relationship between one or more organizations, drawn in order to obtain a shared strategic objective. For Anand, Oriani and Vassolo (2007), the company's ability to create and manage new alliances in order to explore and, occasionally, internalize new technologies in the presence of discontinuous technological change, is considered a dynamic capability.

Collaborative strategies – more specifically strategic alliances and joint ventures– are interesting when they result in resources the company cannot develop relying only on its own capabilities within an adequate framework of cost and time. In this case, companies should seek these resources and capabilities (scarce, durable and specific) in potential partners (AMIT; SCHOEMAKER, 1993).

Relational capabilities may be described as a type of dynamic capability that intentionally aims to create, extend or modify the company's resource base, extended to its alliance partner's resources (HELFAT et al., 2007; DYER; SINGH, 1998). According to Augier and Teece (2007), a relational capability is the ability of adapting proactively to generate and explore specific internal and external competencies so that the company can deal with the environment. Johnson, Sohi and Grewal (2004) understand relational capabilities as learned ways to behave in relations between organizations, including procedures and policies. To Rodriguez-Diaz and Espino-Rodriguez (2006), they are superior abilities to manage resources among companies.

Dyer and Singh (1998) introduced a company's relational perspective as a means of understanding how companies can profit from their strategic alliances and networking. They identified four factors that lead to gains from intercompany relationship: specificity of resources among companies, complementary capabilities, knowledge sharing routines, and effective governance.

3   Methodology.

This research, according to Gil (2006) and Vergara (2007), may be classified as descriptive, as for its objectives, since it evidences the characteristics of the companies studied as well as their relationships. In addition, it may be also classified as exploratory, in a broad sense of the word.

To put into practice the proposed objectives of this paper, a survey and a case study were conducted. According to Pinsonneault and Kraemer (1993), a method of survey has as its main characteristics producing quantitative descriptions of a population using a specific research tool. This method was used aiming specifically to identify and choose a case study.

The case study enables addressing a strategy such as social practice, that is, it allows understanding of how practitioners of this strategy really act and interact. This approach also makes possible the understanding of the process through which strategists effectively implement their strategies, in other words, how business managers interact in the entire strategy building chain (WHITTINGTON, 2006).

According to Barr (2004), there is also a number of benefits in using qualitative methodology to study dynamic capabilities; initially, because research questions in this area are about definition (what are they?) and explanation (how do they work?). Another interesting aspect of dynamic capability studies that justifies the use of qualitative methods is a specific nature of this construct's context. Dynamic capabilities are theorized as idiosyncratic among firms and dependent on the trajectory in their development (BARR, 2004).

3.1 Survey.

The population for the data collection is 570 hotels affiliated to ABIH-PR (Brazilian Association of Hotel Industry of Paraná). The collecting tool was sent to the entire population; therefore, the sample for data analysis was not probabilistic and was constituted by 117 hotels that agreed to participate in the research, corresponding to a general index of 20,5% of population total.

The tool was composed of questions that describe the sample, such as the hotel category and type of management, and by a subjective indicator assessing the respondents' opinions regarding the strategy used by their organizations, within four generic descriptions of Miles and Snow (1978). Those descriptions were the same used in the works of Snow and Hrebiniak (1980), McDaniel and Kolari (1987) and Martins et. al. (2009).

According to obtained data, 79,3% of the establishments are oriented to business tourism. Regarding the type of management, 69 hotels of the sample are independently owned and 48 belong to hotel chains. Of these, 21 belong to international chains and 27 to Brazilian ones.

Regarding the managerial type, it is possible to affirm that most of the sample hotels are independently run (approximately 60% of the hotels). Saab and Daemon state that (2000), until recently, hotels were mostly family managed. The owner of the establishment was the sole manager and, beyond his family, had only a few employees to perform simple tasks. However, technological advance and growing economic internationalization increased the competition and radically influenced the need for changes in hotel management, which favored the growth of chain-operated hotels.

As for the category, a universal classification was used: luxury, that is, highly luxurious and sophisticated hotels with customized services, bilingual or trilingual receptionists and generous spaces; upscale, these being high quality hotels, very well furnished, with quality furniture, equipments and utensils; midscale, or hotels with good services and good installations; and economy, that is, hotels with limited services and simple installations. (VITRINE HOTEL, 2010). Regarding the category, 21 hotels from the sample are considered luxury, 30 hotels are classified as upscale, 14 hotels midscale and 52 economy.

Considering the average price of a double room, the survey has shown an average of R$ 206,00, ranging from R$ 50,00 to R$ 780,00. Concerning the occupancy rate, it has showed an average of 68% annually.

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Regarding the hotel classification as for the adopted strategy based on Miles and Snow's typology (1978), out of 117 companies, 29 are classified as prospectors, 25 as analyzers, 20 as defenders and 9 as reactors.

It is notable that in this sector, most companies keep an aggressive competitive position, seeking new market opportunities and continuously increasing their line of services/products. They tend to be pioneers; thus, their focus is on innovation instead of efficiency. The results are in consonance with the study of Zahra and Pearce II (1990), in which they observed that in dynamic environments there is a greater trend on part of organizations to display strategies similar to the prospector type.

According to the data collection, Slaviero Hotels Chain is the only one in the State of Paraná simultaneously adopting the three types of strategic choices - prospector, defender e analyzer – (reactive typology is not considered a choice, it represents a non-strategy). Therefore, the intentional choice of the case is justified.

3.2 Case study.

This case study is a descriptive and comparative case, once it proposes to compare the strategic choices and relational dynamic capabilities in hotels within a particular chain. Although it is classified as a sole case study, there are four different units of analysis: the hotel chain administrator and three hotels managed by this chain, each representing a different strategy.

As for a temporal sequence, it is a longitudinal study with a side view, since its purpose is to investigate the relational dynamic capability of these hotels over time, ever since their foundation, but at a specific moment, thus enabling verifications of the alterations in resource base deriving from a strategic choice.

3.2.1 Data collection.

Primary data were collected with the managers of the hotel enterprises, partners and subcontractors, through semi-structured interviews. According to Malhotra (2001), a semi structured interview allows the interviewee to express general opinions, consequently capturing their perceptions and interpretations related to the context.

3.2.2   Data analysis.

The method used to analyze the semi-structured interviews was content analysis, whose technique employed was categorical analysis, which according to Bardin (2011), consists in unraveling the discourse into categories of analysis, where encoding criteria are oriented to specific objectives of the research, identified in the interviewees' discourse. The categories of analysis hereinafter are called codes and their application to the interviews is called encoding.

 The list of codes used for encoding had been developed based on theoretical and empirical substantiation and on the study objectives. The elaboration of the list was conducted in several stages. Initially, a pre-list was drawn based on empirical-theoretical substantiation. Secondly, the list was refined, comparing it to the proposed objectives, in order to eliminate codes which did not contribute to answering the

survey questions. Also, the codes missing to meet the objectives of the research were added.

After encoding all interviews, the material treatment was started. To facilitate the interpretation of the interview, the codes were transformed, aided by Atlas t.i software in (networks, in order to group all quotations related to the codes of analysis.

3.2.3   Brief description of the unit analyzed.

Slaviero Chain is a family business that has been in the market since 1981. Its origin was the foundation of a hotel called Slaviero Palace Hotel, in the city center of Curitiba, capital of Paraná. In the 1990s, its expansion process began through a flag system, which segmented its market into four different categories: Conceptual (luxury), Slaviero Suites (flat), Slaviero Executive (midscale) and Slaviero Slim (economy). The Chain works with these four flags in "business hotels" segment. Currently, it manages 20 hotels in 10 cities and 5 Brazilian states and had revenue of R$ 80 million in 2013. According to research by Jones Lang LaSalle consultancy (2013), the chain is the 10th biggest in Brazil by number of rooms, with a total of 2.772.

Slaviero stands out for being pioneer in customized services and concepts; for example, it recently started a fast hospitality service in airports, with a new flag called Fast Sleep. Furthermore, this unit of our analysis is made up of three Slaviero hotels located in Curitiba:

   a)   Hotel Full Jazz: this hotel belongs to the Conceptual flag, whose objective is to offer a unique lodging experience, from a themed interior decoration to a set of differentiated services. It can be classified as a luxury hotel and operates in the business segment. This hotel is located in Batel, Curitiba's prime neighborhood, and uses jazz as a decoration theme in all apartments and common areas. Besides that, it has a bar and a restaurant related to the jazz theme. According to the survey research, this hotel possesses a prospector strategy.

   b)   Hotel Slaviero Executive Batel: this hotel carries the Executive flag and is focused on providing excellent services and facilities to make the stay comfortable and convenient to the guest who visits the city on business. It can be classified as midscale, and is also located in Batel. According to the survey, this hotel possesses an analyzer strategy.

   c)   Hotel Slaviero Slim Alto da XV: this hotel runs under Slim flag and is considered economy class. It is a hotel located near Curitiba city center, and its focus is simplicity, offering basic services such as internet, Wi-Fi and breakfast. Though simple, the room and common areas decor are modern. According to the survey, this hotel has a defender strategy.

4   Results.

This part of the paper will present the results derived from the case content analysis. The following tables summarize and compare the results.

4.1 Strategic Choice.

Slaviero Executive Hotel was opened in the 1990s, aiming to meet the demand of business travelers. For this hotel, the Chain adopted the analytic strategy. The hotel is oriented to executives, with an average stay of two days in Midscale class, who consider the internet, location, good service and comfort essential to satisfying their needs. The occupancy rate during the week is 80%, but on the weekends, is around 40%.

Table 1 is a basis for initial data analysis; it seeks to summarize the strategic choices, based on Miles and Snow's typology of the hotels, therefore, it summarizes how the manager deals with entrepreneurial, technological and managerial problem.

Table 1: Strategic Choice and Dynamic Capabilities in Hotel Business.

	Hotel Executive	Hotel Slim Alto da XV	Hotel Full Jazz	Slaviero Hotel Chain
Strategy	*Analyzer*	*Defender*	*Prospector*	*Prospector*
General Objective	Client satisfaction	Low cost	Innovation in services	Innovation in hotel services
Entrepreneurial Problem	*Midscale* hotel for executives	Economy hotel for young professionals	Theme hotel, luxury class, target audience interested in cultural activities, class A and B	Flags system
Technological Problem	Functionality, agility and basic services	Simplicity and comfort through standardized services	Basic hotel services, theme restaurant, innovative services based on guest suggestions	Concept of constructing or refurbishing hotels considering the most suitable flag for the unit
Managerial Problem	Manager solves the problems, Regional Manager helps, Chain is the source of resources	Manager seeks standardization, written procedures. Multifunctional and multipurpose employees. Regional manager and Chain - hierarchy	Regional Manager is the hotel manager, delegates power to subordinates, less dependent on the Chain	Oriented by investors relations, property owners and hotel managers. Annual planning and relation through regional management. Departments support hotels.

The accommodation is based on functionality, agility and availability of basic services (the internet, simple restaurant, 24h room service and parking). According to the

content analysis, this flag is little standardized, accepting many variations, for there are few references to delimit the scope of the hotel operation; only the target audience, a need for fast and good service. Therefore, a manager of this type of hotel has the chance to innovate, keeping only the essential for his traditional guest base. This can be observed while looking for a solution for the problem of low occupancy rate on the weekends. The hotel manager is very independent, but always resorts to the Chain and its regional manager, as a resource to assist him in solving the problems.

The second unit analyzed is Hotel Slaviero Slim, which adopts a defensive strategy. This hotel was opened in 2003 following a market tendency of low cost/low fare, that is, low costs in order to offer a low fare.

According to the data obtained, it is an economy hotel, where the idea is to pay only to sleep comfortably in the city Center. The offered services are the internet, Wi-Fi, air conditioning, breakfast and "cool" and modern decoration.

The target audience is made up of companies; in other words, companies hire the hotel services to accommodate young professionals who occupy lower hierarchical positions, such as supervisors and advisors. Besides this target audience, the hotel receives many families during the weekends. It has an occupation of 85% during the week and 70% over the weekends.

Based on these premises, the manager has as his focus simplicity and standardized services, and to achieve this, he emphasizes the need for written procedures and hires multifunctional and versatile employees to perform different tasks within the dependencies. The standardization achieved facilitates performing those tasks. This hotel manager feels he is subordinated to the regional manager and the Chain as a whole.

 The third unit analyzed is Hotel Slaviero Full Jazz, which adopts a prospector strategy, based on innovation. It is a theme hotel belonging to the Conceptual flag of the Chain. The theme is jazz, and the apartments and common areas are decorated accordingly. Apart from the decor, it also boasts a bar-restaurant called "New Orleans" which offers food and music. The hotel's mission is to provide a different experience, from decoration to services offered. Besides the basic hospitality conveniences, there is a guest service at the front desk, where information about the city is offered, as well as restaurant reservations, tickets, etc.

Despite the cultural aspect, the target audience, as is the case in the other two hotels previously analyzed, is composed by businessmen. However, the hotel attracts a different public during the weekends; people interested in cultural activities. There is also the interest of the locals in the restaurant and bar services, as well as wedding receptions and wedding nights.

The average occupancy is 70% on weekdays and 50% on weekends, while it is worth mentioning that, despite lower occupancy, its average room rate is higher than those of the other hotels above.

Based on the more demanding target audience (A and B classes), the hotel keeps track of its clients' preferences, directly or indirectly. By doing this, it is always concerned about guests' opinions, to understand what could be improved or incorporated into its

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list of services. The hotel staff is both client and innovation-focused; routine activities are pushed aside, and performed either by sectors of the Chain or outsourced.

The manager of this establishment also performs the role of Chain's regional manager for himself, and for the other two analyzed hotels. Therefore, he is less dependent on formal relation with the Chain, hence, more autonomous in his decisions. As his time is divided between the two functions, he ends up delegating more hotel's administrative functions to his direct subordinates.

The Chain has also made a strategic choice: a prospector strategy. It can be noted that the Chain tries to offer innovative solutions to a varied and segmented target audience through the flags system.

Upon identifying the needs of a certain client group, Slaviero Chain performs studies of economic viability of hotel establishments in certain locations; presents it as an offer of development to investors; implements new hotels or revitalizes old ones; besides, of course, offering its main service, which is hotel management. The Chain's system places the hotels under their flags range; and distributes shared services, such as IT and purchasing departments, so they can operate within an established standard.

The hotel meets the demands of three direct parties: owners and investors, hotel managers and the Chain itself. The property owners and investors are represented by a condominium which approves the budget and annual plan drawn up by the chain for a certain hotel. The hotel manager is responsible for the execution of this plan, and relies on the regional manager to integrate the hotel into the Chain. The manager has autonomy and freedom of action within the budget and limits established by the standard. The Chain, in turn, offer support activities such as sales and controlling departments to the hotel manager.

4.2 Resources Base.

The resource base is analyzed based on Tables 2 and 3.

Table 2: Case Study Summary - Resources.

	Hotel Executive	Hotel Slim Alto da XV	Hotel Full Jazz	Slaviero Hotels Chain
Strategy	*Analyzer*	*Defender*	*Prospector*	*Prospector*
Own Resources	MIS, physical structure and creativity	Physical Structure and standardization capability	Human Resources, location and booking system	Image, technological capacity and innovation
Third Party Resources	Parking, Laundry and Mini bar	"Non-core" Activities	Laundry, Mini bar, Foods and Beverages, the building	IT, capability of managing human resources
Chain Resources	HR, marketing and reservations	Marketing and Sales	Training, cosmetics line and legal services	Not applicable

To the Hotel Executive (analyzer strategy), the third party resources mentioned as essential are the parking and laundry services. Meanwhile, the Chain resources were:

cosmetics line, human resources (recruiting and training); marketing (promotion, advertisement and sales), and reservations system.

Regarding its own resources required to carry out this strategy, the following can be observed: management information system, physical structure, human resources – conflict management and training – and creativity. A resource that draws attention is the last one above, since solving problems within a middle course perspective, which is the essence of an analyzer, is nothing simple, due to the combination of two characteristics hard to conciliate: standardization and flexibility.

The proposed defensive strategy of Slim Hotel makes it search for resources, in a broad sense, inside or outside its boundaries, aiming to keep low costs and high occupancy rate. Generally, it seeks third party resources that are not related to hotel's "core" activities. On the other hand, it gets many resources from the Chain, especially the ones related to marketing and sales, for it believes they are essential to maintain its high the occupancy rate. Concerning its own resources, keeps and prizes only those essential to maintain its services simple, objective and standardized. For instance, in food services, it has a spacious restaurant, but only a few options on the menu. These options were conceived from an idea called Petit Chef, provided by a gourmet frozen food company. The hotel buys only three different dishes (fish, chicken and beef) and stores the frozen dishes in its kitchen; when a customer comes to have lunch or dinner at the restaurant, one of the employees attends the customer, defrosts and serves the dish, at a final cost of R$ 15, 00. Thus, resources to keep this routine are important for its strategic scope.

The Full Jazz Hotel (prospector strategy) uses training, legal and reservations services, as well as stocking the cosmetics line. As for the third parties, it uses the traditional services of laundry, mini bar and gardening. In this particular hotel, as previously mentioned, the food and beverages services are outsourced, not only the restaurant, but all types of foods and beverages, such as a coffee break in an event, for example. Further, the manager considers the building as a third party resource due to their investors relations.

As for their own resources, the human resources are considered essential, as it is up to the employees to perceive the customers' needs and suggestions, so they do not fail to provide an innovative service. Apart from human resources, location and parking are considered good resources to own. Interestingly, the manager considers the Chain's booking system as a hotel's own resource; maybe because the limits between her performance as a regional manager and a hotel manager are not very clear.

In addition, the Chain has many resources of its own, but believes that what sustains its performance is the image and the resources linked to its preservation. Moreover, the technological resource, especially the system that integrates the Chain to the GDS, is highly valued, because it is through this system that a large chunk of the reservations are made and forwarded to the respective hotels. Finally they have mentioned the cosmetics line, not for the line itself, but for the capacity to develop an exclusive line following the environment- friendly trend.

On the other hand, regarding the resources of third parties, IT is a source of concern, since, to be efficient, it must be integrated, that is, it must work well so that the

booking input and output are flawless. Other third party resources used by the chain are the recruitment and hiring, temporary service hire and elaboration of career/wage plans.

4.2.1   Internal Relationship as a Resource.

The relationship, as a proper resource, was analyzed more specifically, since understanding the relational dynamic capability is one of the objectives of this study. The relationship refers to the relation between a hotel and the Chain (the administrator) and with other hotels belonging to the Chain.

Table 3: Case Studies Summary – Internal Relationship

	Hotel Executive	Hotel Slim Alto da XV	Hotel Full Jazz	Slaviero Hotels Chain
Strategy	*Analyzer*	*Defender*	*Prospector*	*Prospector*
Relationship with other hotels of the chain	Informal Exchange of ideas and information	Informal, exchange of information on subcontractors, seeks help with human resources and directs clients	Hierarchy	Hierarchy
Relationship with the Chain	Hierarchy, approval required	Seeks numerous free resources to keep the costs low Search for Customers Important hierarchy.	Hierarchy	Not applicable.

To Hotel Executive (analyzer strategy) and to Hotel Slim (defender strategy) the basis of this relationship is informal and serves for exchange of information and ideas. With its defender strategy, based on low cost, the hotel takes more advantage of this relationship to expand its human resource basis, making use of other hotels' professionals for employee training and replacing. Furthermore, they use the relationship to refer customers to other hotels when fully booked.

The relationship with the Chain is formal and guided by the logic of satisfying needs, that is, as the Chain is seen as the provider of resources, a good relationship may bring in more of them. Slaviero Slim's manager understands that this relationship is a means of keeping low costs and attracting clients.

The relationship of these two hotels with the one adopting the prospector strategy is formal and hierarchical as its manager occupies two positions – manages the hotel and belongs to the chain. It is therefore clear that the hotel is not seen as a like or a peer, but represented by the manager figure, as a part of the Chain.

5   Theoretical Argument.

Dynamic capabilities have been seen as intangible, obscure, mysterious, and hard to interpret capital assets; a true black box. Winter (2003) explains that "probably this confusion and mystery surrounding the concept of dynamic capabilities emerge from the 'connection' of the concept with efficiency generalizations to deal with changes in

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turbulent environments and of generic formulas of sustainable competitive advantage (p.994)".

Williamson (1999) makes criticism for other reasons, as for him there are no studies and empirical measures about dynamic capabilities. According to the author, what has been done until today is just mere attempts to measure them using distant and senseless proxies (e.g. Arend and Bromiley, 2009; Henderson and Cockburn, 1994).

This study deals with these two critics when integrating a type of dynamic capability, a relational dynamic capability, to the strategic choice model of Miles and Snow.

According to Winter (2003), the organizations have natural capabilities, called "zero-level". These capabilities are present when companies offer the same solutions to problems over a period of time. Subsequently, these organizations may have new capabilities arising as the organization decides to develop new products, services or enter new market niches. These capabilities are hierarchical in a category higher than "zero-level", which is "level one".

The hotels in the case study established relationships to have access to competencies and resources complementary to those not being part of their base. These relationships were established in two ways: "zero-level", from the functional and operational ability and a higher hierarchical chain ("level one"), which according to Collis (1994) enables the "extension, modification and creation of ordinary capabilities".

According to the results, there are external and internal routine relationships that make the hotel perform its everyday roles. On the other hand, there are many "level-one" relationships that enable the hotel to transform its "zero-level" capabilities. The use and development of these capabilities, however, is determined by the strategic choice made for the hotel.

The essence of dynamic capabilities concept is in reconfiguring resources, or rather reconfiguring substantive capabilities (routines, "zero-level"), in a wide sense. Zahra et. al (2006) summarize the concept as an ability to reconfigure the firm's capabilities in accordance with the way the decision maker conceives and sees appropriate.

The study results support this argument, since in general terms, the Hotel Chain is responsible for strategic decision-making when defining a generic strategy for each hotel. The chain defines a strategic type for each situation, in accordance with Miles and Snow's model, thereby establishing outlines of how each hotel should deal with technological, managerial and entrepreneurial problems. In this regard, it gives to the hotel a set of resources, which may belong to the hotel itself, be shared among the hotels or belong to third parties. Nevertheless, each hotel has to develop the capability of choosing the appropriate resources so that the strategy is put into practice and the goals met. According to Makadok (2001) this occurs via two mechanisms: capability-building and resource-picking. To simplify, capability-building enables the creation of economic rents by obtaining advantages in using and processing the resources. Meanwhile, resource-picking establishes that the wealth may be generated by means of superiority in resource selection.

In the cases observed, once the strategy is defined, the hotels use these two mechanisms, and the resources may be selected (resource picking), in accordance with

the data analysis from the hotel's resource base, from the chain (including the other hotels belonging to it) and from third parties. The selection occurs through a relationship the hotel is able to establish. On the other hand, capability building occurs by means of a relationship which generates service or product integration into the hotel's routines.

From the results of each case analyzed, it can be observed that the chain outlines the adaptive cycle and appropriate typology for each situation. However, the operationalization, mainly on how to deal with resources to reach the best evolutionary adjustment, is done by the hotel.

Upon the establishment of these guidelines, it is up to the hotel to deal with resources, and for that, each hotel has its relational dynamic capability, which according to Helfat et. al (2010), may be defined as a set of tasks developed at different levels: (1) resource identification; (2) access and involvement with such resources; (3) resource grouping and leverage.

Proposition 1: The relational dynamic capability derives from a strategic decision making process, in this case, by a hotel chain.

Proposition 1ª: Each hotel's resource basis may be extended by two mechanisms: selection and building capabilities through relationship. The relationship to select resources outside the organization's boundaries or to build idiosyncratic capabilities, which generate resources, depends on how the chain determines the entrepreneurial, technological and administrative problem.

From the definition of the strategic type, each hotel makes its choices regarding the resources and their use. The defensive strategy of the hotel studied, for instance, aims to keep low costs through efficiency. Thus, the hotel seeks standardization of its services to offer comfort and simplicity to young professionals. Accordingly, it is noticeable that the unit looks for third party resources to develop non-core activities of its business. Further, the hotel uses several resources coming from the chain, especially the ones related to marketing and sales, as these are at their disposal at no extra cost and have as their main concern bringing new customers to the hotel, which generates scale and increases the occupancy rate – considered an important measure for this strategy. This hotel establishes relations with other hotels of the chain, aiming to get resources without direct costs.

The analytic strategy examined in this case study has other types of issues, because even with functionality as is its main objective, attends a more demanding public, which makes the guest satisfaction its core concern. This way, by having to steer a middle-course between   keeping the costs low and finding ways to satisfy the customers, the hotel ends up depending heavily on an own resource, creativity. Similarly to the defender hotel, it uses and depends on marketing and sales services of the chain, but contemplating creativity, seeks the chain's resources related with employee management and development. Informally, looks for ideas and innovative ways in other hotels of the chain to deal with its entrepreneurial problem.

The prospector strategy focuses on innovation, but due to an arrangement in the organizational structure where the hotel manager simultaneously performs the work of chain's regional manager, the chain's resources end up extending to the hotel as if they were its own. This arrangement also enables it to interact with other hotels through formal hierarchy, that is, from top to bottom. In this case, however, beyond the strategy, the structure has a determinant role of how the hotel will compose its resource base.

According to Miles and Snow (1994), the environment requires the efficiency provided by the usage of specific abilities generally found in a defender company; the flexibility and fast response of a prospector; and the ability to deal with resource exchange of an analyzer. The authors affirm that the organization in the chain eventually turns out to be the solution for integrating these three types of behavior into a single structure.

Rodrigues-Diaz and Espino-Rodrigues (2006) describe the main relational processes in a hotel: process of planning and governance of relationships between firms that generate confidence and commitment; transportation process; sales and marketing process; process of information and knowledge; loyalty promotion process; accommodation process (laundry, cleaning, etc.), food and beverages process; entertainment and complementary services process; human resources process; and maintenance process.

Upon analyzing the above mentioned processes within the case scope, it is noticeable that the chain centralizes most of these processes and outsources some to the hotels, which in turn, will establish the relationships according to their strategies.

For example, planning and governance, marketing and sales process, information and knowledge, loyalty promotion, and human resources are relational processes of the chain, since it insists on establishing relations with suppliers, clients, investors, intermediaries, competitors, etc., based on its own relational capability.

Transport relational processes, accommodation, food and beverages, entertainment and complementary services and maintenance are at the discretion of each hotel and marked by the strategy defined by the chain. Notwithstanding these processes being at the discretion of the hotel's relational capability and within the strategy chosen by the chain, they must be sanctioned by the chain-established hierarchy. For example, a hotel can establish a new relation once authorized by the regional manager or by the chain itself.

This fact, in a certain way, sustains what Lorenzoni and Lipparini (1999) argue, a net may be drawn and managed in a deliberate way, creating a structure that enables the chain's participants to look for resources internally and externally. The leader, the chain in this case study, learns from its relationships, selecting the members and mobilizing external resources. As in Lorenzoni and Lipparini's (1999) study, the leader strives to create an interaction platform with selected partners, who are at the disposal of the chain's members.

Proposition 1b: The relationships to seek resources and/or build capabilities are not only conditioned by the chosen strategy, but also by the organization's structure

Proposition 1c: The relationships are determined by the chain's platform of relationships in centralized relational processes and by the hierarchy in decentralized relational processes.

Final consideration.

The aim of this study was to propose, based on theory, the integration between two theoretical concepts: the strategic choice and the relational dynamic capability. For this purpose, the hotel business sector was chosen, an environment with variety, intensity and need for constant relationships.

Starting from a survey, a single chain in the State of Paraná was identified simultaneously adopting three different strategies to run its hotels. A case study was performed in a unit of analysis composed by the Slaviero Hotel Chain and three of its units (Full Jazz, Slaviero Executive e Slaviero Slim).

The strategic choice was a variable proposed. The degree of intent in creation and reconfiguration of the resource base was considered to be an important element for the field development, since it enabled performance to be unattached from the concept of dynamic capabilities and connected to strategic choice. In other words, the dynamic capabilities exist to deal with the resource base that serves to put the strategy in practice. Thereby, strategic typology determines a set of behaviors and choices resulting in performance; however, these behaviors and choices need to be based on resources, which are developed and reconfigured by dynamic capabilities.

It is believed that the result obtained answers the study question, which is, the influence of strategic choice on relational dynamic capabilities.

As a recommendation for new research, firstly, replicate the study on Slaviero Hotel Chain, but taking into consideration all the hotels in the chain. Another possibility would be to empirically test the model developed by the case in other contexts, in which an organization manages several strategic business units. Further using Miles and Snow's typology, this analysis could be deepened by verifying the relation between dynamic capabilities and the three problems (entrepreneurial, technological and administrative) of adaptive cycle. Thus, it would be possible to verify if strategic choice itself would not be the outcome of the resource base and of its possible configurations and reconfigurations by dynamic capabilities.

Finally, it is necessary to mention the limitations of the present study. The first one derives from the nature of the performed study, that is, a case study with qualitative approach that makes it impossible to make general inferences about the results for other organizations. The second one is concerning the complexity of this theme; thus, simplifications may have been made to perform the analyses and syntheses.

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